

UNIFIED SCHOOL DISTRICT NO. 223
BARNES, KANSAS

REPORT ON AUDIT
SPECIAL FINANCIAL STATEMENTS

JUNE 30, 2015

BRUNA AUDITING SERVICES LLC
DEREK BRUNA
CERTIFIED PUBLIC ACCOUNTANT
WASHINGTON, KANSAS

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas

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Barnes, Kansas
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Unified School District No. 223
Barnes, Kansas 66933

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 223, as of and for the year ended June 30, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note A to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A of the financial statement, the financial statement is prepared by the Unified School District No. 223 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 223 as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 223 as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note A.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures—actual and budget, individual fund schedules of regulatory basis receipts and expenditures—actual and budget, schedule of regulatory basis receipts and expenditures—agency funds are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Statement 3 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated November 9, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note A.

Bruna Auditing Services LLC

Derek Bruna, CPA
Washington, Kansas
November 09, 2015

SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH

Regulatory Basis
For The Year Ended June 30, 2015

Fund	Statement Number	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Expenditures		Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & A/P	STATEMENT 1 Ending Cash Balance
				Cash	Receipts			
General Funds:								
General Fund	3-1	\$	0	\$	3,023,469	\$	0	0
Supplemental General	3-2	94,024	0	962,880	1,016,049	40,835	0	40,835
Special Purpose Funds:								
At Risk (K-12) Fund	3-3	0	0	150,000		0	0	0
Bilingual Education	3-4	0	0	24,540		0	0	0
Capital Outlay Fund	3-5	436,954	0	305,756		564,165	0	564,165
Driver Training	3-6	30,417	0	5,829		31,667	0	31,667
Food Service Fund	3-7	78,496	0	250,069		80,041	0	80,041
Professional Development Fund	3-8	32,565	0	10,331		32,895	0	32,895
Parent as Teachers	3-9	9,288	0	593		0	0	0
Special Education Fund	3-10	129,149	0	672,902		130,939	0	130,939
Vocational Education Fund	3-11	0	0	182,695		0	0	0
Gifts and Grants Fund	3-12	15,864	0	13,898		19,815	0	19,815
Interest	3-13	0	0	6,205		0	0	0
Title I Fund-Migrant	3-14	0	0	25,300		0	0	0
Title I Fund-Current	3-15	0	0	55,188		0	0	0
Title I A-Teacher Quality Fund	3-16	0	0	0		0	0	0
KPER Retirement Fund	3-17	0	0	13,800		0	0	0
Contingency Reserve Fund	3-18	0	0	245,432		0	0	0
Textbook Rental Fund	3-19	173,266	0	0		173,266	0	173,266
Small Rural School Fund	3-20	56,055	0	32,117		62,215	0	62,215
Bond and Interest Funds:	3-21	0	0	22,619		0	0	0
Bond and Interest Fund	3-22	512,856	0	49,340	397,120	165,076	0	165,076
		<u>1,618,984</u>	<u>0</u>	<u>6,052,943</u>	<u>6,370,964</u>	<u>1,300,913</u>	<u>0</u>	<u>1,300,913</u>
Composition of Cash								
Checking Account UBT							\$	1,070,093
Checking Account Palmer								30,820
School Accounts								86,971
Certificate of Deposit								200,000
Total Cash								1,387,884
Agency Funds Statement 4								(86,971)
Total Excluding Fiduciary & Agency Funds								1,300,913

**REGULATORY - REQUIRED
SUPPLEMENTARY INFORMATION**

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

STATEMENT 2

Fund	Statement Number	Certified	Adjustments		Adjustments For		Total Budget For Comparison	Expenditures Chargeable To Current Year	Variance Over (Under)
		Budget	To Comply With Legal Max	Qualifying Budget Credits					
General Funds:									
General Fund	3-1	\$ 3,047,702	\$ (82,818)	\$ 58,585	\$ 3,023,469	\$ 3,023,469	\$ (0)		
Supplemental General	3-2	1,040,486	(28,565)	4,128	1,016,049	1,016,049	0		
Special Purpose Funds:									
At Risk (K-12)	3-3	170,000	0	0	170,000	150,000	(20,000)		
Bilingual Education	3-4	24,700	0	0	24,700	24,540	(160)		
Capital Outlay	3-5	500,000	0	0	500,000	228,545	(271,455)		
Driver Training	3-6	27,450	0	0	27,450	4,580	(22,871)		
Food Service	3-7	291,000	0	0	291,000	248,524	(42,476)		
Professional Development	3-8	22,600	0	0	22,600	10,001	(12,599)		
Parent as Teachers	3-9	14,200	0	0	14,200	9,881	(4,319)		
Special Education	3-10	701,229	0	0	701,229	671,112	(30,117)		
Vocational Education	3-11	195,000	0	0	195,000	182,695	(12,305)		
Gifts and Grants Fund	3-12	27,000	0	0	27,000	9,947	(17,053)		
KPERS	3-18	312,851	0	0	312,851	245,432	(67,419)		
Bond and Interest Funds:									
Bond And Interest		400,000	0	0	400,000	397,120	(2,880)		
TOTALS									
	\$	6,774,218	\$ 0	\$ 0	\$ 6,725,548	\$ 6,221,895	\$ (503,653)		

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis
For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-1

GENERAL FUND

	Current Year			
	Prior Year Actual Transactions	Actual Transactions	Budget	Variance Over (Under)
Statutory Revenues				
Taxes in Process	\$ 11,104	\$ 0	\$ 0	\$ 0
Current Tax	596,155	0	0	0
Delinquent Tax	2,743	0	0	0
State Equalization Aid	1,978,723	2,521,090	2,567,062	(45,972)
Special Education Aid	450,585	443,794	480,640	(36,846)
Reimbursements	0	58,585	0	58,585
Total Statutory Revenues	3,039,311	3,023,469	3,047,702	(24,233)
Expenditures				
Instruction				
Salaries	1,334,383	1,244,921	1,263,500	(18,579)
Employee Benefits	376,285	329,296	352,000	(22,704)
Other Purchased Services	0	0	0	0
Supplies	0	0	0	0
Property	0	0	0	0
Other	0	0	0	0
Total Instruction	1,710,668	1,574,217	1,615,500	(41,283)
Student Support Services				
Salaries	79,805	90,386	85,000	5,386
Employee Benefits	19,701	18,937	17,077	1,860
Supplies	0	0	0	0
Total Student Support	99,506	109,323	102,077	7,246
Instructional Support Staff				
Salaries	85,380	82,744	59,000	23,744
Employee Benefits	26,656	24,125	18,400	5,725
Total Instructional Support	112,036	106,869	77,400	29,469
General Administration				
Salaries	61,477	68,111	65,100	3,011
Employee Benefits	24,823	24,041	24,450	(409)
Purchased Prof & Tech Services	11,241	13,037	11,100	1,937
Supplies	1,402	14,513	2,000	12,513
Other	47,359	47,091	47,500	(409)
Total General Administration	146,302	166,793	150,150	16,643
School Administration				
Salaries	38,969	38,701	42,000	(3,299)
Other	14,656	18,395	19,500	(1,105)
Employee Benefits	59,192	58,569	60,250	(1,681)
Total School Administration	112,817	115,665	121,750	(6,085)
Operations and Maintenance				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Other Purchases	35,982	39,627	43,500	(3,873)
District Insurance	0	0	0	0
Utilities	16,306	16,428	17,000	(572)
Total Operations and Maintenance	52,288	56,055	60,500	(4,445)

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis
For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

	GENERAL FUND CONT.		STATEMENT 3-1 (cont.)	
			Current Year	
	Prior Year Actual Transactions	Actual Transactions	Budget	Variance Over (Under)
Student Transportation				
Salaries	\$ 0	\$ 0	\$ 0	0
Employee Benefits	8,052	9,054	8,400	654
Vehicle Operating Services				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Vehicle Services & Maintenance				
Other Purchased Services	0	0	0	0
Other	0	0	0	0
Total Student Transportation Services	8,052	9,054	8,400	654
Other Supplemental Services				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Other	0	0	0	0
Supplies	0	0	0	0
Total Other Supplemental Services	0	0	0	0
ARRA Stabilization				
Salaries	0	0	0	0
Employee Benefits	0	0	0	0
Total ARRA Stabilization	0	0	0	0
Ed Jobs				
Salaries	0	0	0	0
Total Ed Jobs	0	0	0	0
Operating Transfers				
Bilingual Education	12,000	11,700	12,700	(1,000)
Special Education	511,270	543,793	565,725	(21,932)
Vocational Education	180,000	180,000	180,000	0
Capital Outlay	0	0	500	(500)
Food Service	250	0	500	(500)
Parent Education	0	0	1,000	(1,000)
Contingency Reserve	0	0	500	(500)
Driver Training	0	0	500	(500)
Inservice	0	0	500	(500)
At Risk (K-12)	150,000	150,000	150,000	0
Total Operating Transfers	853,520	885,493	911,925	(26,432)
Adjustment For Legal Max			(82,818)	82,818
Adjustment For Reimbursements/Qualifying Budget C	(55,878)		58,585	(58,585)
Total Expenditures	3,039,311	3,023,469	3,023,469	(0)
Statutory Revenues (Under) Expenditures	0	0		
Modified Unencumbered Cash - Beginning	0	0		
Prior Year Cancelled Encumbrances	0	0		
Modified Unencumbered Cash - Ending	0	0		

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis
For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

SUPPLEMENTAL GENERAL FUND

STATEMENT 3-2

	Prior Year Actual Transactions	Current Year Actual Transactions	Budget	Variance Over (Under)
Statutory Revenues				
Ad Valorem Tax	\$ 15,548	\$ 22,470	\$ 10,768	\$ 11,702
Ad Valorem In Process	759,760	650,638	677,021	(26,383)
Delinquent Tax	5,167	4,786	9,884	(5,098)
Miscellaneous	16,075	4,128	0	4,128
16/20 Trucks	11,286	11,834	0	11,834
Recreational Vehicle Tax	551	670	462	208
Motor Vehicle Tax	63,770	71,147	70,369	778
State Aid	206,596	197,187	248,884	(51,697)
	0	0	0	0
Total Statutory Revenues	<u>1,078,753</u>	<u>962,860</u>	<u>1,017,388</u>	<u>(54,528)</u>
Expenditures				
Instruction				
Salaries	0	0	0	0
Internet/Technology	51,503	39,854	54,500	(14,646)
Other	0	0	0	0
Property	0	0	0	0
Supplies/Athletics	62,552	73,550	70,000	3,550
Total Instruction	<u>114,055</u>	<u>113,404</u>	<u>124,500</u>	<u>(11,096)</u>
School Administration				
Salaries	231,700	237,296	233,200	4,096
Total School Administration	<u>231,700</u>	<u>237,296</u>	<u>233,200</u>	<u>4,096</u>
Operations and Maintenance				
Utilities/Phone	113,321	101,050	112,500	(11,450)
Dist Office and Copy	27,550	36,540	35,000	1,540
Property	0	0	0	0
Salaries	193,692	181,813	217,000	(35,187)
Repairs/Supplies	60,105	68,996	66,000	2,996
Total Operations and Maintenance	<u>394,668</u>	<u>388,399</u>	<u>430,500</u>	<u>(42,101)</u>
Student Transportation				
Salaries	0	0	0	0
Other Transportation	90,914	89,378	98,950	(9,572)
Fuel	64,074	49,653	73,000	(23,347)
Total Student Transportation	<u>154,988</u>	<u>139,031</u>	<u>171,950</u>	<u>(32,919)</u>
Transfers				
Bilingual	6,675	12,840	12,000	840
Driver Training	0	0	500	(500)
Inservice	0	10,000	500	9,500
Professional Development	0	0	0	0
Food Service	0	4,487	500	3,987
Special Education	138,183	110,000	58,836	51,164
Parents Ed	8,000	593	8,000	(7,407)
Total Transfers	<u>152,858</u>	<u>137,920</u>	<u>80,336</u>	<u>57,584</u>
Adjustment For Legal Max			(28,565)	28,565
Adjustment For Reimbursements/Qualifying Budget Credits			4,128	(4,128)
Total Expenditures	<u>1,048,269</u>	<u>1,016,049</u>	<u>1,016,049</u>	<u>0</u>
Statutory Revenues Over (Under) Expenditures	<u>30,484</u>	<u>(53,189)</u>		
Modified Unencumbered Cash - Beginning	<u>63,540</u>	<u>94,024</u>		
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>		
Modified Unencumbered Cash - Ending	<u>\$ 94,024</u>	<u>\$ 40,835</u>		

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis
For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-3

AT RISK (K-12) FUND

	<u>Current Year</u>		
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>
			<u>Variance Over (Under)</u>
Cash Receipts			
Transfer Interest	\$ 0	\$ 0	\$ 20,000
Transfer from General	150,000	150,000	150,000
			0
Total Cash Receipts	150,000	150,000	170,000
			(20,000)
Expenditures			
Instruction			
Salaries	137,080	141,333	137,500
Employee Benefits	12,370	8,667	12,500
Supplies - Technology	550	0	19,000
Miscellaneous	0	0	1,000
Transportation	0	0	0
Salaries	0	0	0
Employee Benefits	0	0	0
			0
Total Expenditures	150,000	150,000	170,000
			(20,000)
Receipts Over (Under) Expenditures	0	0	
Unencumbered Cash - Beginning	0	0	
Unencumbered Cash - Ending	0	0	

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis
For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-4

BILINGUAL EDUCATION

	<u>Current Year</u>			
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts				
Transfer from Interest	\$ 0	\$ 0	\$ 0	\$ 0
Transfer from General	12,000	11,700	12,700	(1,000)
Transfer from Supp General	6,675	12,840	12,000	840
Total Cash Receipts	<u>18,675</u>	<u>24,540</u>	<u>24,700</u>	<u>(160)</u>
Expenditures				
Instruction				
Salary	17,499	19,979	22,500	(2,521)
Employee Benefits	1,176	4,561	1,700	2,861
Supplies	0	0	500	(500)
Total Expenditures	<u>18,675</u>	<u>24,540</u>	<u>24,700</u>	<u>(160)</u>
Receipts Over (Under) Expenditures	\$ 0	0		
Unencumbered Cash - Beginning	0	0		
Unencumbered Cash - Ending	<u>0</u>	<u>0</u>		

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis

For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-5

CAPITAL OUTLAY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Ad Volorem Tax	\$ 2,761	\$ 3,783	\$ 1,813	\$ 1,970
Ad Volorem In Process	127,908	273,751	268,000	5,751
Delinquent Tax	883	815	1,664	(849)
Motor Vehicle Tax	10,934	12,401	12,265	136
Rec Vehicle Tax	94	116	80	36
16/20 Trucks	1,905	2,098	0	2,098
Interest on Idle Funds	0	0	0	0
Misc Receipts	17,356	8,052	0	8,052
Transfer from General	0	0	500	(500)
State Aid	0	4,740	8,553	(3,813)
Reimbursement	0	0	0	0
Total Cash Receipts	<u>161,841</u>	<u>305,756</u>	<u>292,875</u>	<u>12,881</u>
Expenditures				
Instruction				
Property	61,266	61,865	100,000	(38,135)
General Administration				
Property	12,003	0	50,000	(50,000)
Transportation				
Property	74,503	99,654	200,000	(100,346)
Facility acq & construction				
Site Acquisition	0	0	0	0
Site Improvement	2,850	0	0	0
Architectural Services	0	0	0	0
Building Additions	0	0	0	0
New Building	0	29,885	0	29,885
Repair and Remodel	8,372	37,141	150,000	(112,859)
Other	0	0	0	0
Total Expenditures	<u>158,994</u>	<u>228,545</u>	<u>500,000</u>	<u>(271,455)</u>
Receipts Over (Under) Expenditures	2,847	77,211		
Unencumbered Cash - Beginning	<u>484,107</u>	<u>486,954</u>		
Unencumbered Cash - Ending	\$ <u>486,954</u>	<u>564,165</u>		

See Accountant's Report and Accompanying Notes

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET
Regulatory Basis
For The Year Ended June 30, 2015
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-6

DRIVER TRAINING

		<u>Current Year</u>		
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts				
State Aid	\$ 2,210	\$ 1,953	\$ 1,870	\$ 83
Reimbursements	3,044	3,876	5,000	(1,124)
Miscellaneous	0	0	0	0
Operating Transfers	0	0	1,000	(1,000)
Total Cash Receipts	<u>5,254</u>	<u>5,829</u>	<u>7,870</u>	<u>(2,041)</u>
Expenditures				
Instruction				
Salaries	0	2,974	5,500	(2,526)
Employee Benefits	0	322	950	(628)
Supplies	55	307	2,000	(1,693)
Vehicle Operating & Maintenance				
Repairs	1,033	0	0	0
Fuel	22	696	1,500	(804)
Property (Equip & Furn)	0	0	16,000	(16,000)
Other	0	281	1,500	(1,220)
Total Expenditures	<u>1,110</u>	<u>4,580</u>	<u>27,450</u>	<u>(22,871)</u>
Receipts Over (Under) Expenditures	4,144	1,250		
Unencumbered Cash - Beginning	<u>26,273</u>	<u>30,417</u>		
Unencumbered Cash - Ending	<u>30,417</u>	<u>31,667</u>		

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STATEMENT 3-7

FOOD SERVICE FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Federal Aid	\$ 101,334	\$ 96,547	\$ 96,338	\$ 209
State Aid	2,121	2,066	1,800	266
Meals	132,801	140,506	122,906	17,600
Interest	5,000	6,205	15,000	(8,795)
Reimbursements	0	0	0	0
Miscellaneous	626	258	0	258
Transfer	250	4,487	1,000	3,487
Total Cash Receipts	<u>242,132</u>	<u>250,069</u>	<u>237,044</u>	<u>13,025</u>
Expenditures				
Operations & Maintenance				
Salaries	68,617	70,293	75,000	(4,707)
Employee Benefits	5,930	5,915	7,000	(1,085)
Food Service Operations				
Management	7,220	7,621	10,000	(2,379)
Food Costs	141,475	149,346	175,000	(25,654)
Non-food	7,396	6,910	10,000	(3,090)
Property	4,903	7,066	10,000	(2,934)
Repairs & Other	711	1,373	4,000	(2,627)
Total Expenditures	<u>236,252</u>	<u>248,524</u>	<u>291,000</u>	<u>(42,476)</u>
Receipts Over (Under) Expenditures	5,880	1,545		
Unencumbered Cash - Beginning	<u>72,616</u>	<u>78,496</u>		
Unencumbered Cash - Ending	\$ <u>78,496</u>	<u>80,041</u>		

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STATEMENT 3-8

PROFESSIONAL DEVELOPMENT FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Revenue	\$ 90	\$ 331	\$ 5,000	\$ (4,669)
State Aid	0	0	0	0
Transfer General	0	0	500	(500)
Transfer Supplemental/ LOB	0	10,000	500	9,500
Total Cash Receipts	<u>90</u>	<u>10,331</u>	<u>6,000</u>	<u>4,331</u>
Expenditures				
Instructional Support Staff				
Salaries	2,055	2,125	5,000	(2,875)
Employee Benefits	165	174	600	(426)
Other Purchased Services	5,245	7,006	10,000	(2,994)
Supplies	1,640	696	7,000	(6,304)
Total Expenditures	<u>9,105</u>	<u>10,001</u>	<u>22,600</u>	<u>(12,599)</u>
Receipts Over (Under) Expenditures	(9,015)	330		
Unencumbered Cash - Beginning	<u>41,580</u>	<u>32,565</u>		
Unencumbered Cash - Ending	\$ <u>32,565</u>	<u>32,895</u>		

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STATEMENT 3-9

PARENT EDUCATION PROGRAM FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Local Source	0	0	0	0
Operating Transfers General	\$ 0	\$ 0	\$ 1,000	\$ (1,000)
Miscellaneous	0	0	3,000	
Operating Transfers Supplemental/LOB	8,000	593	8,000	(7,407)
Total Cash Receipts	<u>8,000</u>	<u>593</u>	<u>12,000</u>	<u>(8,407)</u>
Expenditures				
Support Service				
Misc Supplies	0	0	5,000	(5,000)
Fees	9,156	9,881	9,200	681
Total Expenditures	<u>9,156</u>	<u>9,881</u>	<u>14,200</u>	<u>(4,319)</u>
Receipts Over (Under) Expenditures	(1,156)	(9,288)		
Unencumbered Cash - Beginning	<u>10,444</u>	<u>9,288</u>		
Unencumbered Cash - Ending	\$ <u>9,288</u>	<u>0</u>		

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STATEMENT 3-10

SPECIAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Sources	\$ 450,586	\$ 443,794	\$ 0	\$ 443,794
Federal Sources	0	13,227	10,000	3,227
Miscellaneous	139	5,881	10,000	(4,119)
Transfer General	60,684	100,000	565,725	(465,725)
Operating Transfers/ LOB	138,183	110,000	58,836	51,164
Total Cash Receipts	<u>649,592</u>	<u>672,902</u>	<u>644,561</u>	<u>28,341</u>
Expenditures				
Instruction				
Purchased Services (pay to Co-op)	610,986	619,065	627,479	(8,414)
Maintenance/Rent	13,468	7,326	9,000	(1,674)
Salaries	26,915	29,343	30,000	(657)
Employee Benefits	2,153	2,330	2,750	(420)
Other Purchased Services	1,264	1,245	1,500	(255)
Supplies-Fuel	14,038	6,040	10,000	(3,960)
Miscellaneous-Supplies	6,342	5,706	9,000	(3,294)
Utilities	1,804	0	0	0
Equipment	0	57	11,500	(11,443)
Total Expenditures	<u>676,970</u>	<u>671,112</u>	<u>701,229</u>	<u>(30,117)</u>
Receipts Over (Under) Expenditures	(27,378)	1,790		
Unencumbered Cash - Beginning	<u>156,527</u>	<u>129,149</u>		
Unencumbered Cash - Ending	\$ <u>129,149</u>	<u>130,939</u>		

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STATEMENT 3-11

VOCATIONAL EDUCATION FUND

	<u>Current Year</u>		
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>
			<u>Variance Over (Under)</u>
Cash Receipts			
Miscellaneous/Reimb	\$ 5,451	\$ 2,695	\$ 15,000
Interest	0	0	0
Transfer from General	180,000	180,000	180,000
			0
Total Cash Receipts	<u>185,451</u>	<u>182,695</u>	<u>195,000</u>
			<u>(12,305)</u>
Expenditures			
Instruction			
Salaries	162,688	173,587	160,000
Equipment	750	1,821	13,000
Supplies	22,013	7,287	22,000
			13,587
			(11,179)
			(14,713)
Total Expenditures	<u>185,451</u>	<u>182,695</u>	<u>195,000</u>
			<u>(12,305)</u>
Receipts Over (Under) Expenditures	0	0	
Unencumbered Cash - Beginning	0	0	
Unencumbered Cash - Ending	\$ 0	\$ 0	

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STATEMENT 3-12

GIFTS AND GRANTS

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts				
Contributions & Donations	\$ <u>14,628</u>	\$ <u>13,898</u>	\$ <u>25,000</u>	\$ <u>(11,102)</u>
Total Cash Receipts	<u>14,628</u>	<u>13,898</u>	<u>25,000</u>	<u>(11,102)</u>
Expenditures				
Instructional & Educational Mat	<u>14,177</u>	<u>9,947</u>	<u>27,000</u>	<u>(17,053)</u>
Total Expenditures	<u>14,177</u>	<u>9,947</u>	<u>27,000</u>	<u>(17,053)</u>
Receipts Over (Under) Expenditures	451	3,951		
Unencumbered Cash - Beginning	<u>15,413</u>	<u>15,864</u>		
Unencumbered Cash - Ending	\$ <u>15,864</u>	\$ <u>19,815</u>		

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STATEMENT 3-13

INTEREST

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Holding	\$ 5,139	\$ 6,205
Total Cash Receipts	<u>5,139</u>	<u>6,205</u>
Expenditures		
Transfer to Vo Ag	0	0
Transfer to Food Service	5,000	6,205
Transfer to Sp Ed	139	0
Transfer to Capital Outlay	0	0
Bilingual	0	0
Total Expenditures	<u>5,139</u>	<u>6,205</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-14

TITLE I C MIGRANT

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 40,247	\$ 25,300
Total Cash Receipts	<u>40,247</u>	<u>25,300</u>
Expenditures		
Instruction		
Salaries	32,588	23,885
Employee Benefits	5,471	1,415
Supplies	<u>2,188</u>	<u>0</u>
Total Expenditures	<u>40,247</u>	<u>25,300</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-15

TITLE I - CURRENT

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal	\$ <u>57,005</u>	\$ <u>55,188</u>
Total Cash Receipts	<u>57,005</u>	<u>55,188</u>
Expenditures		
Instruction		
Salaries	48,676	50,941
Employee Benefits	8,329	4,247
Purchased Prof & Tech Services	0	0
Supplies	0	0
Total Expenditures	<u>57,005</u>	<u>55,188</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-16

TITLE I CARRYOVER

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Intergovernmental Revenue	\$ 0	\$ 0
Federal	<u>0</u>	<u>0</u>
Total Cash Receipts	<u>0</u>	<u>0</u>
Expenditures		
Instruction	0	0
Support Service	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

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STATEMENT 3-17

FEDERAL FUNDS

TITLE II A

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ 13,960	\$ 13,800
Cash Disbursements	13,960	13,800
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	0	0
Unencumbered Cash - Ending	\$ 0	\$ 0

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STATEMENT 3-18

KPERS

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Flow Through	\$ 252,299	\$ 245,432	\$ 312,851	\$ (67,419)
Total Cash Receipts	<u>252,299</u>	<u>245,432</u>	<u>312,851</u>	<u>(67,419)</u>
Expenditures				
Instruction	<u>252,299</u>	<u>245,432</u>	<u>312,851</u>	<u>(67,419)</u>
Total Expenditures	<u>252,299</u>	<u>245,432</u>	<u>312,851</u>	<u>(67,419)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>		
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>		

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STATEMENT 3-19

CONTINGENCY RESERVE

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts	\$ <u>0</u>	\$ <u>0</u>
Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>173,266</u>	<u>173,266</u>
Unencumbered Cash - Ending	\$ <u>173,266</u>	\$ <u>173,266</u>

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STATEMENT 3-20

TEXTBOOK & STUDENT MATERIAL REVOLVING

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Textbook Rental & Fees	\$ 22,608	\$ 16,036
Materials & Supplies	<u>14,042</u>	<u>16,081</u>
Total Cash Receipts	<u>36,650</u>	<u>32,117</u>
Expenditures		
Textbooks	14,582	13,376
Materials & Supplies	<u>19,829</u>	<u>12,581</u>
Total Expenditures	<u>34,411</u>	<u>25,957</u>
Receipts Over (Under) Expenditures	2,239	6,160
Unencumbered Cash - Beginning	<u>53,816</u>	<u>56,055</u>
Unencumbered Cash - Ending	\$ <u>56,055</u>	\$ <u>62,215</u>

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STATEMENT 3-21

SMALL RURAL SCHOOLS

	Prior Year Actual	Current Year Actual
Cash Receipts		
Small Rural School	\$ 24,561	\$ 22,619
Total Cash Receipts	<u>24,561</u>	<u>22,619</u>
Expenditures		
School Improvement	<u>24,561</u>	<u>22,619</u>
Total Expenditures	<u>24,561</u>	<u>22,619</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Unencumbered Cash - Ending	<u>\$ 0</u>	<u>\$ 0</u>

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STATEMENT 3-22

BOND AND INTEREST FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Motor Vehicle Tax	\$ 26,237	\$ 29,780	\$ 24,844	\$ 4,936
Back Taxes	1,838	1,449	2,659	(1,210)
Ad Valorem Taxes	210,491	6,197	2,896	3,301
State Aid	15,788	11,914	11,914	0
Miscellaneous	0	0	0	0
Total Cash Receipts	<u>254,354</u>	<u>49,340</u>	<u>42,313</u>	<u>7,027</u>
Expenditures				
Bond Principal	180,000	390,000	389,180	820
Bond Interest	17,345	7,120	10,820	(3,700)
Cash Reserve	0	0	0	0
Commision and Postage	0	0	0	0
Total Expenditures	<u>197,345</u>	<u>397,120</u>	<u>400,000</u>	<u>(2,880)</u>
Receipts Over (Under) Expenditures	57,009	(347,780)		
Unencumbered Cash - Beginning	<u>455,847</u>	<u>512,856</u>		
Unencumbered Cash - Ending	\$ <u>512,856</u>	\$ <u>165,076</u>		

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SCHOOL ACTIVITY FUNDS

STATEMENT 4

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & A/P	Ending Cash Balance
Hanover High School							
Hanover Activity	\$ 1,208		47,512	46,444	2,276		2,276
Wildcat Scholarship	\$ 0		1,750	0	1,750		1,750
Organizations/Classes							
Freshman	649		2,335	2,222	762		762
Sophomores	2,033		1,439	2,609	863		863
Juniors	6,411		18,057	18,649	3,819		3,819
Seniors	0		7,610	6,728	882		882
Art Club	68		2,284	2,077	275		275
Annual Club	9,381		7,805	6,810	10,376		10,376
Band Club	487		283	87	683		683
Cheerleaders	767		6,948	6,433	1,282		1,282
FBLA	1,891		18,534	17,703	2,722		2,722
FFA	4,014		16,159	13,657	6,516		6,516
FCCLA	5,266		0	39	5,227		5,227
H-Club	306		7,640	7,263	683		683
Jr. High Cheerleaders	65		0	0	65		65
HS Scholar Bowl	538		360	291	607		607
National Honor Society	24		2,355	2,352	27		27
Junior High FBLA	210		220	147	283		283
Student Council	288		903	429	762		762
Thespians	1,493		1,116	1,358	1,251		1,251
Subtotal Hanover Organizations	33,892	0	92,048	88,854	37,085	0	37,085
Revolving/Clearing Accounts							
Lunch	0		43,658	43,658	0		0
Library	0		184	184	0		0
Textbooks	0		9,975	9,975	0		0
Revolving Music	0		146	146	0		0
Revolving Vo-Ag	0		2,903	2,903	0		0
Revolving Wood	0		9,370	9,370	0		0
Revolving Art	0		580	580	0		0
Petty Cash	0		2,560	2,560	0		0
Student - Act Petty Cash	0		5,631	5,631	0		0
Subtotal Hanover Clearing Accounts	0	0	75,007	75,007	0	0	0
Total Hanover Activity	35,099	0	216,317	210,305	41,111	0	41,111

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SCHOOL ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Expenditures	Ending Unencumbered Cash Balance	STATEMENT 4 (Continued)	
						Add Outstanding Encumbrances & A/P	Ending Cash Balance
Linn High School							
Administrative Activities	\$ 404		16,275	16,298	381		381
Organizations/Classes							
Yearbook	10,907				0		
National Honor Society	386		7,145	5,666	12,386		12,386
Scholars Bowl	782		1,019	948	457		457
Class of 2010	46		0	104	678		678
Class of 2018	0		0	46	0		0
Class of 2014	401		8,619	6,001	2,618		2,618
Class of 2015	4,905		0	0	401		401
Class of 2016	3,463		103	5,008	0		0
Class of 2017	2,451		2,810	4,718	1,555		1,555
Class of 2009	61		6,589	3,613	5,427		5,427
Art Club	154		0	0	61		61
Linn Music	910		197	100	251		251
FBLA	3,494		1,350	1,481	779		779
FFA	988		4,520	3,873	4,141		4,141
FCCLA	2,950		17,143	17,559	572		572
L-Club	108		6,828	5,523	4,255		4,255
Jr. High Cheerleaders	358		0	107	1		1
Pepeub/Cheerleaders	645		369	420	307		307
Student Council	1,817		441	566	520		520
Thespian	634		6,798	6,883	1,732		1,732
Subtotal Linn Organization	\$ 35,460	0	74,438	74,444	36,627	0	36,627
Scholarship Funds							
National Honor Society Alumni	60		0	0	60		60
Buildog Scholarship	8,987		7,438	7,744	8,681		8,681
Subtotal Linn Scholarships	9,047	0	7,438	7,744	8,741	0	8,741
Revolving/Clearing Accounts							
Lunch	0		47,162	47,116	46		46
Textbooks	0		10,427	10,427	0		0
Revolving Music	0		458	458	0		0
Revolving Vo-Ag	0		1,426	1,426	0		0
Revolving Wood	0		1,279	1,274	65		65
Revolving Art	0		240	240	0		0
Petty Cash	0		2,498	2,498	0		0
Student - Act Petty Cash	0		3,986	3,986	0		0
Subtotal Linn Clearing Accounts	0	0	67,476	67,365	111	0	111
Total Linn Activity	44,911	0	155,884	154,935	45,860	0	45,860

This is not a budgeted fund.
See Accountant's Report and Accompanying Notes

UNIFIED SCHOOL DISTRICT NO. 223
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Unified School District No. 223 is a municipal Corporation established under Kansas Statute. All USDs in Kansas are required to be audited under K.S.A. 75-1122. The District is governed by an elected seven member board. The financial statements present the financial condition and results of operation of the district. The District's major operations include primary and secondary education for young people. The scope of the entity for financial reporting purposes is designed as those funds for which the District has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds.

This report is intended solely for the information and use of the Board of Education and management of USD 223, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and Kansas State Board of Education, and should not be used for any other purposes.

The Kansas Municipal Audit and Accounting Guide will be referred to as KMAAG throughout the notes.

Basis of Presentation

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restricts, or limitations. The following are Regulatory Basis Fund Types:

Regulatory Basis Fund Types

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting-KMAAG Regulatory Basis of Accounting (Formerly Statutory Basis)

The KMAAG regulatory audit requirement of K.S.A. 75-1122 applies to each individual municipality as defined in K.S.A. 75-1117. The KMAAG regulatory financial reporting entity is comprised of the "municipality" as defined in K.S.A. 75-1117, as a minimum, and may also include certain separate legal entities referred to as "related municipal entities" as defined by KMAAG.

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The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

GAAP Basis Financial Statements - Minimum Requirements. GAAP basis financial statements are financial statements prepared in accordance with "Governmental Accounting and Financial Reporting Standards" as promulgated by the Governmental Accounting Standards Board (GASB). For KMAAG purposes, if GAAP basis financial statements are presented, the basic financial statements and notes must be presented at a minimum. All other supplemental schedules are optional. However, the KMAAG mandatory note disclosures (if applicable) must still be presented even though they might not otherwise be required by GAAP to be included in the notes. KMAAG does not provide an example of GAAP financial statements.

Regulatory Basis Financial Statements - Minimum Requirements. If GAAP basis financial statements are not presented, then: 1) a GAAP waiver resolution must be passed, and 2) regulatory basis financial statements including regulatory-required supplementary information, must be presented. Regulatory basis financial statements are financial statements prepared in accordance with the guidelines of KMAAG. Such financial statements are prepared on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas and prepared in accordance with the prescribed format established by KMAAG.

The regulatory basis financial statement consists of a single basic financial statement which is a summary statement containing all funds and related municipalities included in the financial reporting entity and demonstrating compliance with the cash basis law. The remainder of the required financial information to be presented is considered regulatory-required supplementary information which includes 1) a fund summary schedule containing all funds and showing compliance with the budget law for those funds required to be budgeted, 2) individual fund schedules for all funds except agency funds, with budget comparisons for those funds required to be budgeted, 3) a fund summary schedule, for agency funds only, showing cash balances and changes therein, and 4) special schedules unique to the municipality. Note: Regulatory-required supplementary information are the additional schedules that are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide and are not to be considered as required supplementary information as defined by auditing standards generally accepted in the United States of America. In addition, the KMAAG mandatory note disclosures must be presented and must include all disclosures necessary for fair presentation in accordance with the KMAAG regulatory basis framework. All other schedules that may be presented are optional.

Departure from GAAP

A waiver from the requirement to prepare and audit GAAP basis financial statements is necessary *only if* the municipality decides to present regulatory basis financial statements. A waiver is not required for financial statements that are prepared in accordance with the GAAP basis framework but include certain departures from GAAP. For example, if GAAP financial statements are presented but do not include the management discussion and analysis, this would be a departure from GAAP. However, even lacking the management discussion and analysis required supplementary information, the basic financial statements may still be presented on a GAAP basis framework, thus a waiver would not be required. The District has approved a resolution that is compliance with K.S.A. 75-1120a(c) waiving the annual for application of GAAP for the year ended 6/30/15. This waiver is completed annually and allows the District to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balance, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles,

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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statement.

Reimbursed Expenses

The purpose of these expenditures is to repay the district for amounts remitted on behalf of another party and such expenditures are exempt for the budget law under K.S.A. 79-2934. Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement. The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

2014 Financial Data

Amounts that are shown for 2014 in the accompanying financial statements are included where practical, only to provide a basis for comparison with 2015, and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually the determination of assessed valuation and the collections of property taxes for all political subdivisions in determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and distributed to the District June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

Budgetary Data

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund. The statutes provide for the following sequence and time table in the adoption of the annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increase in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. Delinquent taxes are assessed interest at 9% per annum. This interest is retained by the County.

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NOTES TO FINANCIAL STATEMENTS
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The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budget receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditures authority) lapse at year-end.

A legal operating budget is not required for trust funds, agency funds, and the following special revenue funds: Textbooks and Student Materials, Athletic Gate Receipts and other School Agency/Activity Funds, Fee and User Charges/Clearing Accounts, Contingency Reserve, Employee Benefits, Interest, Title I Migrant, Title IIA-Teacher Quality, Title I Current and Carryover, Small Rural School Fund, and Federal Funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and prepaid expenses which benefit future periods are recorded as an expenditures during the year of purchase. For disclosure purposes, material inventories would be reported as an asset offset by a reserve. The district had no material inventories.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance With Kansas Statutes and Other Finance Related Legal Matters

There are no noted violations with such compliance requirements.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk. Cash balances from all funds are combined and invested to the extent available in certificates of deposits and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At year-end the carrying amount of the district's deposits, including certificates of deposit and money market accounts was \$1,387,884. Checking Accounts equaled \$1,100,913 activity operating accounts had a balance of \$86,971. The certificate of deposit had a balance of \$200,000. The difference between the carrying amount and the bank balance are outstanding checks and deposits in transit. Of the bank balance, \$567,791 was covered by FDIC insurance and the remaining balance was collateralized

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by pledged securities held under joint custody receipts issued by a third-party bank in the district's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a third-party custodial agreement signed by all three parties: the district, the pledging bank, and the independent third-party banks holding the securities.

Investment Policy

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit investment choices. Funds of the district were on deposit in interest bearing accounts in banks and Certificates of Deposits issued by banks at June 30, 2015.

The cash of each of the funds of the district is pooled together so that better management of cash and investments can be practiced, resulting in greater earnings accruing to the district. Please refer to Statement 1 to review how the various funds are accruing interest.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

NOTE D- FRINGE BENEFIT PLAN I.R.C. 125

The District has in place an IRS-IRC Section #125 "Cafeteria" Fringe Benefit Plan. The District shall pay the cost of a single health care premium for each teacher up to and including an amount of \$500 per month. No cash-in-lieu arrangements will be considered under any circumstances. Participation in the district group health plan is mandatory to receive this benefit.

Any employee may reduce his/her salary by an amount up to the statutory limit on non-taxable benefits as set forth in the program. Items by which the employee may reduce his/her contract are as follows: Group Medical Insurance, Disability Insurance, Group term life insurance up to \$50,000, Cancer Insurance, Medical Reimbursement, Dependent Care, Dental and Vision Insurance, and Health Savings Accounts. The District provides full family health insurance coverage for the Superintendent and for the principals with the designated common carrier.

The plan year runs from September 1 to August 31st annually. The maximum benefit allowance per employee is \$ \$2500/yr for the year ended June 30, 2015 for Medical Reimbursements. The maximum for the dependent care reimbursement account is \$5000 annually.

NOTE E- CONTINGENT LIABILITIES

The district has computed the unfunded accumulated sick/personal leave costs as of June 30, 2015 to be \$204,026. Please Refer to Note F for further information on compensated absences.

NOTE F- COMPENSATED ABSENCES

The District's policies regarding vacation and sick leave are: Teachers are allowed nine days sick leave accumulative to 90 days and three personal leave, non-accumulative; the Superintendent is allowed 12 days sick leave accumulative to 60 days, three days personal leave, non-accumulative, and 20 days annual vacation leave; the principals are allowed 12 days sick leave accumulative to 60 days and two days personal leave accumulative to three days; the U.S.D. clerk/secretary is allowed 12 days sick leave accumulative to 60 days, three days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the building secretaries are allowed nine days sick leave accumulative to 30 days and two days personal leave, non-accumulative; the cooks and teachers aides are allowed nine days sick leave

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June 30, 2015

accumulative to 30 days and two days personal leave, non-accumulative; the custodians are allowed 12 days sick leave accumulative to 60 days, two days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the maintenance/transportation supervisor is allowed 12 days sickleave accumulative to 60 days, three days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the U.S.D. treasurer/central office secretary is allowed 12 days sick leave accumulative to 60 days, three days personal leave, non-accumulative, and 12 days annual leave, non-accumulative; the bus drivers are allowed nine days sick leave accumulative to 30 days and 2 personal days leave, non-accumulative.

After 5 years of consecutive and continuous service in USD #223, teachers who retire in the district under KPERS guidelines shall be paid for unused sick leave up to a maximum of 60 days at the amount of half rate of substitute pay per day for every day of unused sick leave that they may have accumulated at the end of the contract year at which retirement is to take place. In order to receive benefits for payment of unused sick leave, the teacher must notify the central office by the end of their contract period that their intention of retirement will take place the following year.

After 5 years of consecutive and continuous years of service in USD #223, teachers who resign their position, or their contract is terminated shall be paid for unused sick leave up to a maximum of 90 days in the amount of half of substitute pay for every day of unused sick leave that they may have accumulated at the end of the contract year at which the resignation/termination is to take place. Liability for compensated absences is not reflected in the financial statements.

NOTE G- DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends KMAAG (1/15) D-10 on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

Net Pension Liability. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$3,496,937 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above. Note: The report expected to be issued by KPERS containing the allocation of the net pension liability to participating entities may not be available from KPERS for those entities who will be issuing reports with fiscal years ending December 31, 2014 in early 2015. It is not known at the time of this publishing date when this information will be available from KPERS. If the KPERS report is not available at the time the District issues their financial statements, it would not be appropriate to disclose the Net Pension Liability footnote.

NOTE H- RISK FINANCING AND RELATED INSURANCE ISSUES

The district is exposed to various risks of loss related to torts; theft of, damage to; and destruction of assets; errors and omissions; injuries to employees; and nature disasters. The district continues to carry insurance for all risks of loss including workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE I- FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value amounts for cash and cash equivalents approximate carrying amounts due to the short maturities of these

UNIFIED SCHOOL DISTRICT NO. 223
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Instruments. Financial instruments that subject the district to significant concentration and credit risk consist of cash and cash equivalents. The district places its cash in market interest rate accounts and are insured fully by FDIC coverage and pledged securities with fair market value equal to or greater than its cash and cash equivalents.

NOTE J- FIDUCIARY/TRUST TYPE FUNDS

The District does not currently have any of these funds in their financial statement FYE 6/30/15.

NOTE K- OTHER POST-EMPLOYMENT BENEFITS

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retiree because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

NOTE L- IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$192,530 subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

NOTE M- LONG-TERM DEBT

The District is responsible for Series 2004 General Obligation School Bonds. Please refer to Note U for further analysis of the bond issuance and information.

NOTE N- CAPITAL PROJECT COMPLIANCE

The District currently has no capital projects being undertaken.

NOTE O- LITIGATION CONTINGENCIES

The District currently has no litigation contingencies that it is involved in.

NOTE P- COMMITMENT AND CONTINGENCIES

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2015.

NOTE Q- SUBSEQUENT EVENTS

These financial statements considered subsequent events through November 09, 2015 the date the financial statements were available to be issued.

UNIFIED SCHOOL DISTRICT NO. 223
Barnes, Kansas
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note R- INTER-FUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue, to the fund authorized to expend the revenue, have been segregated from normal revenues and expenditures for reporting purposes are are:

FROM	TO	2015	2014
General	Professional Development	\$ 0	0
General	Special Education	543,794	511,270
General	Vocational Ed	180,000	180,000
General	At Risk K-12	150,000	150,000
General	Food Service	0	250
General	Bilingual	11,700	12,000
	Totals	885,494	853,520
Supplemental General	Special Education	110,000	138,183
Supplemental General	Inservice	10,000	0
Supplemental General	Food Service	4,487	0
Supplemental General	Parents as Teachers	593	8,000
Supplemental General	Bilingual	12,839	6,675
	Totals	137,919	152,858
Interest	Food Service		
Interest	Special Education	6,205	5,000
Interest	Capital Outlay	0	139
	Totals	6,205	5,139
	Totals	1,029,618	1,011,517

The above transfers are included in the expenditures of the disbursing fund and included in the revenues of the receiving fund as required by the Cash Basis and Budget Laws of Kansas, and for budget comparison purposes.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note S-INTER-GOVERNMENTAL ASSISTANCE STATE

<u>Type of Aid</u>	<u>2015</u>	<u>2014</u>
General State Aid	\$ 1,870,372	1,887,539
Supplemental State Aid	197,187	206,597
State Safety	1,953	2,210
Governor's Teaching Award	1,000	0
Block Grants	192,530	0
State Food Service	2,066	2,121
State Special Ed	433,564	406,326
Capital Outlay	4,741	0
School District Capital Improvement	11,914	15,788
KPERS Expanded Lottery	32,536	0
GSA Transportation Weighting	43,606	91,184
Spec. Ed Weighting	10,230	44,260
KPERS Employer Cont.	212,896	252,299
Totals	3,014,595	2,908,324

Note T-INTER-GOVERNMENTAL ASSISTANCE FEDERAL

<u>Type of Aid</u>	<u>2015</u>	<u>2014</u>
Title I Fund	\$ 55,188	57,005
Youth Risk Behavior Survey	100	0
School District Mill Levy	414,582	0
Food Service-Breakfast	19,726	21,273
Food Service-Other	76,821	80,061
Migrant Health Care	0	247
Title II Improving Teacher Quality	13,800	13,960
Title I C Migrant	25,300	40,000
Totals	605,517	212,546

Federal programs in which the school district participated have specified for what purpose funds are to be expended.
All funds unexpended at June 30, 2015 are restricted to federal program specified expenditures.

UNIFIED SCHOOL DISTRICT NO. 223
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NOTES TO FINANCIAL STATEMENTS June 30, 2015

Note U

STATEMENT OF CHANGES IN LONG - TERM DEBT
For The Year Ended June 30, 2015

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year
General Obligation Bonds Series 2004	3.25 to 3.7 percent	12/1/2004	\$ 1,500,000	9/1/2015	\$ 390,000	\$ 0	(\$390,000)	\$ (\$390,000)	\$0
TOTAL LONG TERM DEBT			\$ 1,500,000.00		\$ 390,000.00	\$ 0.00	-\$390,000.00	-\$390,000.00	\$0.00

Year	Principal Due	Interest
9/1/2014	\$390,000.00	\$7,120.00

The Bond was paid off ahead of time in September of 2014, which is FY 6/30/15.

No Remaining Payments Remaining